

Weathering Job Loss

Unemployment Insurance

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WEATHERING JOB LOSS

Unemployment Insurance

Most low-income families with children are headed by parents who work.¹ But they work in low-wage jobs fraught with uncertainties and unpredicted spells of unemployment. Few of these families have enough assets to tide them over in hard times, and many lack access to unemployment insurance or other cash assistance programs.

In 2006, an estimated 4.9 million or 6.4 percent of all U.S. families had an adult member who was unemployed (Bureau of Labor Statistics 2007).² In most of these families (70 percent), another adult member worked. But in about 1.5 million of them, no adult in the household was working. Low-income families with children are more likely to have unemployed members. Urban Institute calculations based on the March 2007 Current Population Survey reveal that in 15 percent of low-income families with children, a parent was unemployed some time during 2006, compared with 10 percent of moderate-income families with children and 6 percent of similar higher-income families (table 1).

Table 1. Unemployment for Either Parent (percent of all families)

<i>Work status</i>	<i>All families</i>	<i>Low-income</i>	<i>Moderate-income</i>	<i>Higher-income</i>
<i># of families (thousands)</i>	<i>40,026</i>	<i>13,726</i>	<i>7,296</i>	<i>19,005</i>
All	9.9	15.1	9.8	6.2
High	3.2	2.4	4.3	3.4
Medium	4.2	7.6	3.9	1.8
Low	1.0	2.5	0.3	0.2
No work	0.6	1.5	0.1	0.0
Self-employed	1.0	1.1	1.2	0.9

Note: Low-income families have incomes below 200 percent of the federal poverty level (FPL). Moderate-income families have incomes between 200 and 300 percent of FPL. Higher-income families have incomes above 300 percent of FPL.

Over one-fifth of the families weathering unemployment went through two or more spells within a year. About half the low-income families with multiple spells of unemployment were those in which no worker was employed full time, year-round (table 2). In many of these families, breadwinners who work less than full time, year-round do so either because they are mixing work and such other responsibilities as childrearing or because they cannot find steady full-time work the entire year. The fact that so many are counted as unemployed (and therefore looking for work) suggests that failure to find steady jobs contributes significantly to their low earnings.

Table 2. Number of Periods of Unemployment (percent of families with unemployment)

<i>Work status (periods of unemployment)</i>	<i>All families</i>	<i>Low-income</i>	<i>Moderate-income</i>	<i>Higher-income</i>
# of families (thousands)	3,976	2,076	715	1,184
All				
One period	77.1	77.4	77.9	76
Two or more periods	22.9	22.6	22.1	24
High				
One period	26.5	13.8	35.1	43.8
Two or more periods	5.6	1.9	8.7	10.1
Medium				
One period	30.8	37.0	31.0	20
Two or more periods	11.3	13.6	9.0	8.7
Low				
One period	7.1	12.0	2.4	1.5
Two or more periods	2.6	4.2	0.6	1
No work				
One period	5.6	10.1	1.2	0.6
Two or more periods	0.1	0.2	.	0
Self-employed				
One period	7.0	4.7	8.2	10.2
Two or more periods	3.4	2.7	3.8	4.3

Note: Low-income families have incomes below 200 percent of FPL. Moderate-income families have incomes between 200 and 300 percent of FPL. Higher-income families have incomes above 300 percent of FPL.

Unemployment can devastate low-income families. While nearly three-quarters of all married-couple families with children in 2006 had more than one worker contributing to household income, less than half of families with incomes below 200 percent of the federal poverty level did. Thus, family income can plummet when the primary worker is jobless. And bouts of unemployment can be long for low-income families (table 3); indeed, the average spell was 21 weeks in 2006, compared with about 17 weeks on average for all workers.

Table 3. Characteristics of Low-Income Families with Unemployment

<i>Work status</i>	<i>All</i>	<i>Single-parent</i>	<i>Two-parent</i>
# of families (thousands)	2,076	1,119	957
Work status			
High	15.7		34.0
Medium	50.5	53.3	47.3
Low	16.2	25.1	5.8
No work	10.2	16.9	2.4
Self-employed	7.4	4.8	10.4
Average weeks unemployed for either parent	20.6	21.2	19.9

Unemployment Compensation

Unemployment insurance (UI) was designed to fill some of the income gaps individuals and families face when breadwinners are unemployed. This federal-state program is one of the social insurance initiatives established under the Social Security Act of 1935.³ In fiscal year 2007, the program paid \$32.2 billion in benefits to 7.5 million workers.

Between jobs, such insurance can tide struggling families over, especially if they have no accumulated assets. While UI is not an antipoverty program, it keeps many working families out of poverty when unemployment hits home. A 2004 Congressional Budget Office (CBO) study showed that UI is a mainstay in keeping families with unemployment above the poverty level during periods of high unemployment.⁴

However, low-wage workers are less likely than better-off workers to receive these program benefits. In 2006, only 22 percent of unemployed workers in low-income working families reported receiving any unemployment compensation, compared with 34 percent in moderate-income families and 39 percent in higher-income families (table 4). A recently completed study by researchers at the Upjohn Institute confirms earlier work showing how few former welfare recipients qualify for UI when they lose their jobs (O’Leary and Kline 2008).

Table 4. Receipt of Unemployment Compensation (percent of families with unemployment)

<i>Work status</i>	<i>All families</i>	<i>Low-income</i>	<i>Moderate-income</i>	<i>Higher-income</i>
# of families (thousands)	3,976	2,076	715	1,184
% receiving compensation	29.5	22.4	34.0	39.1

Source: March 2007 Current Population Survey.

Notes: Low-income families have incomes below 200 percent of FPL. Moderate-income families have incomes between 200 and 300 percent of FPL. Higher-income families have incomes above 300 percent of FPL.

Several UI eligibility requirements work against low-income working families. Their members’ job tenure tends to be shorter, partly because many low-income workers are new entrants or re-entrants to the labor market and thus subject to job churning as bad initial fits with employers resolve themselves. In addition, low-wage employment seldom offers opportunities for career advancement, so workers have less to lose in leaving one job and looking for another. Also, since many low-wage, low-skill workers do not receive such benefits as paid sick leave, they are more likely to leave or lose jobs because of illness or family emergencies. Recent data indicate that a higher percentage of women are job leavers and approximately one-third of job leavers are out of work for 15 weeks or more.⁵

While UI can stabilize income amid unemployment, it is available mainly for workers who lose their jobs through termination or firm downsizing. Seventy-five percent of UI recipients are job losers (though not all job losers get benefits), but job losers are only one-half of the unemployed (Kletzer and Rosen 2006). In addition to meeting “good cause” for unemployment, workers must qualify on the basis of prior work history. Government Accountability Office analyses (using data from the Survey of Income and Program Participation) find low-wage workers only half as likely as higher-wage workers to receive UI benefits but 2.5 times as likely to be unemployed, even after job tenure and full-time versus part-time work are taken into account (GAO 2006).

Before welfare reform, low-income families with children might have fallen back on public assistance during unemployment. In the post-welfare reform era, fewer have this option because of time limits and tighter eligibility requirements. Even if a family were to qualify for TANF, the average benefit payment under TANF is generally much lower than the payment the family would receive if it were eligible for UI. Yet, the unemployment compensation system has not been updated to fully reflect the reality that most low-income adults with children are committed to the labor force but are likely to have recurrent periods of unemployment through no fault of their own.

Because states set the standards and eligibility criteria for receipt of unemployment compensation, unemployed workers in similar circumstances can be treated differently from state to state, depending on state rules about the applicant’s past work history and cause for leaving employment, and on each state’s benefit levels. If regulations prevailing in states that have addressed some of these issues were adopted nationwide, the economic conditions for unemployed workers in low-income working families would be greatly improved.

Basic Eligibility

State insurance programs cover unemployed workers for a set number of weeks of unemployment in a given 12-month period, with the specific number varying by state. All but two—Massachusetts and Montana—currently have maximums of 26 weeks. About four in five workers are eligible (as determined by law and by their work histories) for the 26 weeks. In periods of high unemployment, the federal government may pay for up to 13 weeks beyond the state maximum, if emergency federal legislation is passed.⁶ In theory, unemployment compensation replaces lost wages, and the stated standard is around 50 percent of wages. Actual replacement has been around a third of prior wages because weekly benefits are capped.

Base Period for Eligibility

Short job tenure and low wages reduce workers’ chances of qualifying for unemployment compensation. There are two aspects of eligibility, monetary (based on prior earnings) and nonmonetary (reasons for job separation and current labor market status). The earnings requirement is usually based on income earned in the earliest four of the five completed quarters before unemployment. Under the base period rule, earnings for the last quarter are not counted if the unemployed worker applies immediately upon leaving the job, making it harder for some short-term employees to qualify. And, since a substantial percentage of workers in low-income working families had more than one spell of unemployment during 2006, many would not meet the earnings requirement anyway.

Definition of “Good Cause” Job Loss and Related Restrictions to Eligibility

Women, whose wages are disproportionately low, may lose or leave jobs due to pregnancy, child care problems, domestic violence, or a spouse’s job-related move. These are not acceptable “job separation” rationales in many states, so the many women who leave jobs for these reasons are not eligible for unemployment compensation. In addition, workers who want only part-time work—including the many mothers and some male caregivers who need to take care of young, old, sick, or troubled family members—are not eligible for UI in 20 states. On the other hand, 9 states consider three major family issues (domestic violence, spousal relocation, and care for family member), while another 28 consider at least one a good cause

for separation. A few states provide income support for pregnancy under temporary disability insurance programs and allow part-time workers to collect unemployment compensation.

Benefit Adequacy

Even if a worker qualifies for unemployment compensation, the program's benefits do not even cover basic family needs. The average hourly wage for a worker in a low-income family was \$10.63 in 2006, which totals \$372 to \$425 a week for full-time workers. Data on unemployment compensation in the Current Population Survey of households are widely considered inaccurate, so actual benefit levels for individuals within low-income working families are hard to calculate.⁷ Even at 50 percent of income replacement—a rough state average for low-income workers—average weekly compensation would be around \$220 a week.

Current Legislative Proposals

Dissatisfaction with the unemployment insurance system has prompted many proposals for state and federal reforms. Not all are driven by the desire to help low-income working families, and unemployment insurance is directed at individual workers, not families. But these struggling households would be helped by many reform proposals because they address UI features that put workers with low wages and interrupted work histories at a disadvantage.

Some of the shortcomings discussed above were addressed in the Unemployment Modernization Act last year, part of the proposed Trade and Globalization Assistance Act of 2007.⁸ Under the act, the federal government would have used incentive payments to encourage states to adopt (or retain) the following features: the alternative base period; compensation to otherwise eligible workers who are seeking part-time work and to those who leave jobs due to domestic violence, illness, disability of a family member, or need to relocate to accompany a spouse; and extended payments for workers enrolled in approved training programs. The act provided for up to \$7.5 billion in federal payments over five years, including \$500 million for administrative costs. States would receive partial payments for adopting some of the features—specifically, one-third for adopting the alternative base period provision, the balance for adopting the rest. Based on state rules as of 2007, approximately 20 states would immediately qualify for the one-third payment because they already have an alternative benefit period provision; the remaining 30 states would receive payments for adopting this feature. Every state would have to change at least one provision in their UI laws to comply fully with the act.

Alternative Benefit Period (ABP)

A 2005 analysis by the National Employment Law Project (NELP) estimates that two-thirds of those qualifying under the alternative benefit period earn low wages. African-Americans are 1.6 times more likely than whites to use the ABP, and Hispanics are twice as likely. Shifting to an alternative base period reduces the gap in UI receipt between these groups and white workers by 9 percentage points for African Americans and 5 points for Hispanics. NELP estimates that workers with young children are the most likely to benefit; their eligibility increases by an estimated 6.5 percent with a switch to the alternative benefit period.

NELP used the Survey of Income and Program Participation to estimate how many people would be eligible for UI under ABP, given their work histories and patterns of employment (Stettner, Boushey, and Wenger 2005). Use of ABP by all states, it turns out, would have added approximately 300,000 new workers with an average hourly wage of \$9.58 to UI rolls in 2003, with an additional outlay by states of \$550 million (table 5).⁹ These estimates are similar to other research findings. According to Vroman (2007), the number of beneficiaries would rise under this scenario by 4 to 8 percentage points while payouts would increase by 2 to 5 percentage points. The payouts are not commensurate with the growth in numbers of beneficiaries because most workers who qualify under ABP earn lower wages and have less work experience so would receive smaller benefits for shorter periods.

Besides the cost of payments to beneficiaries, adding the alternative benefit period can increase administrative costs. This new rule was set when administrative data were available only on a delayed basis. With current technology, it would be possible to use the immediate past quarter to calculate benefit eligibility, but doing so might require more effort by state employees and some reprogramming of computers. To date, 20 states have switched to an alternative base period; while the administrative costs to put the new system in place are significant, they pale beside overall UI administrative costs. Analysis by NELP and the Center for Economic and Policy Research finds that the administrative costs in states adopting the ABP are bearable (Stettner et al. 2005).

Table 5. Beneficiaries and Estimated State Costs for Unemployment Insurance Reforms

<i>Provision</i>	<i>States not using</i>	<i>Estimated number of beneficiaries if adopted</i>	<i>Estimated cost if adopted (millions)</i>
Alternative base period	30	300,000	550.0
Part-time workers	20	200,000	280.0
Job loss for family reasons		50,000	170.0
domestic violence	11		
spouse relocates	35		
illness/disability	5		
Federal offset (annual estimate over 10 years)			750.0

Sources: Stettner et al. (2007) and Congressional Budget Office (2007a).

Part-Time Work

Current rules in roughly 20 states require that to qualify for UI benefits individuals must be searching for and willing to accept full-time employment, regardless of whether they initially qualified for UI as part-time or full-time workers. Consequently, a worker looking for part-time employment because of family responsibilities would not be eligible to receive UI. Building on work by Wayne Vroman in 1998, NELP research in 2005 estimated that the number of beneficiaries would increase by 200,000 and payments would go up by \$280 million if benefits were extended to otherwise eligible workers seeking only part-time employment (table 5).

Other provisions besides relieving discrimination against part-time workers would also affect women more than men. Adding domestic violence, moving with a spouse to another location, and needing to care for sick family members to “good causes” for leaving employment would help women especially. Some states are beginning to adopt these provisions but not with any nationwide uniformity. A few features, such as domestic violence, would not apply to many individuals and therefore would not be expensive (claims in states that have the provision run well under 1 percent of unemployed women), but they would be highly important for individual recipients. NELP estimates that the cost for all three provisions in the states that do not yet have them would be around \$170 million and that some 50,000 additional individuals would be helped.

Training Benefits

One reason breadwinners in low-income working families have employment problems related to tenure, wages, and workplace benefits is that they have low skill levels. Yet, few can afford to take time from work to obtain the education or training needed to move up the employment ladder, especially if they are both the family’s primary caregiver and the principal wage earner. Under some prior federal employment and training initiatives, training stipends would have allowed at least some workers to take time off from paid work to upgrade their skills. But such stipends are not allowed under the Workforce Investment Act. To fill this gap, several states now provide training stipends as additional benefits through their unemployment compensation programs. Washington State, for instance, allows unemployed workers to receive up to 27 weeks in unemployment compensation while enrolled in an approved program to upgrade their skills or prepare for a new line of work. An evaluation completed in 2002 found that 85 percent of these beneficiaries were in

community colleges or technical schools and 72 percent got jobs after completing the program (Stettner et al. 2005). Extending UI for training in this way could complement the program proposed by Holzer and Martinson by making it more financially feasible for workers to participate.

Remaining Problems

Even if states adopt the provisions of the UI modernization act, remaining shortcomings in the UI system need attention. Current benefit levels are low relative to wages—typically, about 35 percent of wages. For a family living at the economic margin with full wages, a benefit payment that is only a third or even a half of the usual paycheck leaves it scrambling to make ends meet and desperately behind once UI benefits run out.

Uniform 26 Weeks

While the typical state offers unemployment insurance for up to 26 weeks, workers get the maximum only if their prior work history fits the bill. Over time, the proportion of workers who exhaust their benefits has risen from 25.2 to 35.5 percent. In periods of high unemployment, this proportion can rise to 40 percent (Vroman 2007). The UI Modernization Act would not require all states to offer 26 weeks (regardless of prior work history), as 13 states now do. But if that much time were required across the country, NELP estimates, 700,000 workers in the remaining 37 states could benefit.

Temporary Disability

Besides the eligibility criteria outlined above, an individual must also be available and looking for work to receive unemployment compensation. This precludes individuals who cannot work because of temporary illness or incapacity. When the illness or injury is related to work, the individual may be eligible for workers compensation. But there is no coverage when other types of disabilities—whether a heart attack or, say, childbirth—are not covered by or outlast employer-provided sick leave. About 70 percent of private-sector employees have access to an employer-provided disability program that may or may not include paid leave. The other 30 percent of the workforce has no protection of any kind (National Academy of Social Insurance 2007).

Five states and Puerto Rico are using temporary disability insurance to address an important employment-family conflict—pregnancy leave. The Family and Medical Leave Act requires businesses with 50 or more employees to permit staff to take up to 12 weeks for family care reasons (including pregnancy and care of a newborn) with a guarantee that their current position or a similar one will await them when they get back. But the act does not require employers to pay workers during their time off. In addition, businesses with fewer than 50 employees (where many low-wage workers are employed) are not required to offer even unpaid leave. Few low-wage workers can afford to take unpaid leave or to quit working while pregnant, even if their health care providers recommend it. Temporary disability pay would provide the financial support needed during this period. In the states that offer this option, the take-up rates are low, and leave ranges from 8 to 12 weeks. At typical benefit levels, the cost is also relatively low—currently about .05 to .10 percent of payrolls, according to Brusentsev and Vroman (2007).

In California, paid family leave can be used to care for newborns or sick relatives. Parents are allowed up to six weeks each. If they combine this benefit with temporary disability leave, new parents can take up to five months to bond with their babies. These bonding benefits have composed about one-third of the benefit payments from the two programs (temporary disability insurance and paid family leave) in California since paid family leave came into force in 2004 (Brusentsev and Vroman 2007). While the current programs are not all equally generous—with replacement rates ranging between a quarter and half of prior wages—they are models on which new state programs could be built.

Dependent Payments

Low benefits could also be supplemented by payments for dependents. Unlike public assistance, most state unemployment insurance programs are blind to the number of dependents workers have—because workers' pay isn't tied to the number of people they support. But as of January 2008, 13 states weigh this factor when calculating benefit payments. This is an acknowledgement that families can become overstretched financially when unemployment benefits amount to only a fraction of their normal income, a fact confirmed by the CBO data on poverty rates with and without UI. In these 13 states, the weekly allowance is a fixed dollar amount per dependent, not a percentage of workers' benefits, though total payments are capped. Most allowances are quite inadequate—\$25 or less per dependent (or \$3.50 a day). The maximum dependent allowance for a worker with the state's minimum weekly benefit ranges from \$0 to \$72.

Ideally, reform could increase both the number of states covered and the per dependent and total dependent payments. To hold down costs and target the allowance mainly to lower-income families, the dependent benefit could be phased out or reduced at higher basic benefit levels. This approach would combine work-based eligibility with a safety net for low-income people.

Expanding Eligibility

Kletzer and Rosen (2006) propose two additional changes to the unemployment compensation system of particular benefit to low-wage workers. One is a switch to using time worked rather than total wages earned as the sole measure of work effort needed to qualify for UI. This metric is more advantageous to lower-paid workers since they do not have to work as many hours to become eligible.

Kletzer and Rosen also propose making women who stop work to have or raise children or take on other family responsibilities eligible to receive UI while looking for work if they had been eligible for UI when they quit. Such support would cover job search expenses and child care costs.

These two features, coupled with others in the UI Modernization Act, would move the system toward a 50 percent reciprocity rate. In other words, nearly half of all unemployed workers would be covered by UI. By Kletzer and Rosen's estimate, under this scenario an additional 1,000,000 workers would be covered at a cost of \$7.4 billion—an increase of about 23 percent over fiscal year (FY) 2007 benefits paid.

Work-Related Benefits

While unemployed, workers lose access to important benefits that are employer based or tied to work, such as health care and child care subsidies. A CBO study of people in the throes of long-term unemployment in 2003 found them less likely than other workers to have had health insurance before unemployment (CBO 2007b). Even so, coverage increased from 30 percent who lacked health insurance when their spell of unemployment began to just over 40 percent while unemployed.

The Consolidated Omnibus Budget Reconciliation Act of 1986 requires employers with at least 20 employees to extend coverage to departing employees for up to 18 months at the employee's expense plus a 2 percent handling fee. But the costs are prohibitive for most low-wage workers. Kaiser Family Foundation survey results from 2007 indicate just how prohibitive: the average annual premium was \$4,479 for individuals and \$12,106 for family coverage.

A plan for universal health care is proposed in a companion paper to this one (<http://www.urban.org/url.cfm?ID=411714>). If adopted, loss of medical coverage by the unemployed will not be an issue. However, without universal coverage, a separate bridge program may be needed for unemployed workers. One model, the Massachusetts Medical Security Program, currently subsidizes either the cost of premiums for workers with prior coverage or the cost of medical care. This program is open to workers whose household incomes are less than 400 percent of the federal poverty level.

A spell of unemployment can also end a family's child care subsidy. When that happens, parents looking for work sometimes cannot get to interviews and face child care gaps when trying to start a new job, jeopardizing that employment. Fixes for this problem are proposed in the Urban Institute companion paper by Boots, Macomber, and Danziger (<http://www.urban.org/url.cfm?ID=411718>). Here, the point is simply that parents cannot devote the needed time to finding and keeping employment if they have to worry about their children's care arrangements.

Costs and Long-Term Benefits for Families and Society

The Congressional Budget Office estimates that most states will not meet the necessary criteria to get full payments under the UI Modernization Act over the next 10 years. The CBO estimates of federal outlays would be \$2.4 billion, with half going to states currently compliant with at least the ABP and half to states that would change their laws to comply fully or partially with the provisions of the Act. CBO also estimates that state outlays on additional benefits will increase by \$2.5 billion beyond the federal transfer for a total cost over the decade (2008–18) of approximately \$5.1 billion.¹⁰ This additional cost is quite small in comparison with the \$32.2 billion in total benefits paid in FY 2007.

Under the Trade and Globalization Assistance Act of 2007, which passed in the House of Representatives in November 2007 and as of the date of this essay remains under consideration in the Senate, the federal incentive payments to states would be paid by revenues generated by the Federal Unemployment Tax Act (FUTA) surtax, originally scheduled to expire December 2007. The current federal tax is 6.2 percent of the first \$7,000 in wages, but employers receive a tax credit of 5.4 percent for a net average payroll tax rate of less than 1 percent of payroll (.64 percent). These federal taxes primarily cover the program's administrative costs. Kletzer and Rosen propose increasing the FUTA wage base to \$45,000 over a period of years to raise \$8.7 billion to cover changes associated with the base period, broader definitions of "good cause" separations, part-time employment, benefit adequacy, uniform duration, and dependent allowances.

While the federal government shares in the program's administrative costs, state governments pay the benefits. So benefit increases and coverage of more unemployed workers will have to be paid for by increasing state taxes on employers and (where applicable) employed workers. States are free to apply their own tax rates to cover program costs, subject to federal requirements, and can use a wage base that is higher than the \$7,000 federal base. Currently, 44 states have adopted wage bases higher than \$7,000, and 3 states (Alaska, New Jersey, and Pennsylvania) apply the tax rate to employee wages too.¹¹ The Department of Labor estimates that the average tax rate is 0.8 percent of total wages, varying from 1.9 percent in Alaska to 0.2 percent in South Dakota. Costs range from \$571.90 per worker to \$41 per worker.¹² In most states, the increased costs associated with new or increased benefits could be covered by raising the effective tax rate, increasing the tax base, or some combination of both.

Using the unemployment compensation system to provide support for families when a major breadwinner is unemployed makes sense for several reasons. Because UI, unlike TANF and Food Stamps, is not means tested and has no asset limits, households need not spend down assets before qualifying for benefits. Nor must they prove their destitution. This approach to the safety net also coordinates well with the principle that individuals are expected to work and when they are not able to, they will have access to financial assistance based on their work record. Unless a larger percentage of the workforce receives access to UI, particularly those at the bottom end of the income distribution, more low-income working families will suffer periods of deprivation or asset depletion for reasons largely beyond their control.

While business often points to the need to be globally competitive as a reason to hold down or lower employer taxes (such as UI), the United States has a low-cost and low-benefit system of unemployment compensation. Enhancing this system could yield both short-term and long-term benefits. More support for families while the breadwinners look for work—unemployment insurance payments and continued health

and child care subsidies—could lead to better short-term outcomes for them and to better long-term prospects for their children.

NOTES

¹ Low-income working families are those with incomes below 200 percent of the federal poverty level who have at least one adult in the labor force. In 2006, 200 percent of the poverty level was \$40,888 for a family of four. Moderate-income families have incomes between 200 and 300 percent of the poverty level. Higher-income families have incomes 300 percent of the poverty level or higher.

² Individuals are counted as unemployed only if they are not employed and actively looking for work. They can be job losers, job leavers, or individuals just entering or reentering the labor force.

³ Under the partnership, the federal government holds money collected from employers to cover the program, funds proper administration, sets overall policy and general provisions, and ensures conformity to law.

⁴ The study found that the percentage of families below the poverty level was reduced by more than half (from 50 to 23 percent) during the recessionary/slow growth period early in this decade.

⁵ Bureau of Labor Statistics, Table A-34, “Unemployed Persons by Reason for Unemployment, Sex, Age, Gender, and Duration of Unemployment,” <http://www.bls.gov/web/cpseea34.pdf>.

⁶ Such legislation was most recently passed in 2002. As of the date of this essay, Congress has not enacted emergency legislation for 2008.

⁷ Administrative data for individual workers are more reliable, but they do not place workers within families.

⁸ At the time this essay was completed, the bill had passed the House and was in the Senate for consideration.

⁹ In 2006, the average wage for workers in low-income working families was \$10.63.

¹⁰ The bill also included a provision that placed or extended a surcharge on the employer tax, which would increase revenues by several billion dollars over the same period.

¹¹ Many economists think that workers bear the cost of taxes paid by the employer as well because they absorb the cost in lower wages. However, employers point to any increase in taxes as a cost burden they pay (and a detriment to business).

¹² See U.S. Department of Labor, “Comparison of State Unemployment Insurance Laws,” 2006 and 2007, <http://www.workforcesecurity.doleta.gov>.

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